

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3781-01
BILL NO.: Perfected HB 1659
SUBJECT: Economic Development; Taxation and Revenue; Transportation.
TYPE: Original
DATE: April 3, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0 to \$3,500	\$0 to \$22,500	\$0 to \$23,000
Local Economic Dev. Sales Tax Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds*	\$0 to \$3,500	\$0 to \$22,500	\$0 to \$23,000

*** This proposal is permissive and would have no fiscal impact without voter approval.**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government*	(\$6,000) to \$340,000	(\$6,000) to \$2,227,500	(\$6,000) to \$2,277,000

*** This proposal is permissive and would have no positive fiscal impact without voter approval.**

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **City of Kirksville** state this proposal would allow the city to use sales tax proceeds to fund the local portion of a city-state highway improvement project. The City of Kirksville estimated a 1/2% sales tax will generate \$1,100,000 in the current fiscal year and forecast a growth rate of 2%. They also estimate election costs to the City of \$6,000.

Officials from the **State Treasurer's Office**, the **Department of Economic Development**, and the **Department of Transportation** assume this proposal will have no fiscal impact on their respective agencies.

The **Department of Revenue (DOR)** state this proposal authorizes an economic development sales tax for funding a transportation corporation in Kirksville. The DOR assume this proposal will not cause an administrative fiscal impact to their agency.

Oversight assumes this proposal is permissive and would have no state impact unless voter approval occurred. For purposes of the fiscal note, Oversight estimated the possible revenues in a range of such proposal not being passed by voters, to a full one cent sales tax being passed by the voters in October, 2000. Oversight assumed the earliest possible effective date of such a sales tax would be April, 2001, with one month collection lag, therefore only two months of revenue are estimated for FY 2001.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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GENERAL REVENUE FUND

<u>Income</u> - to General Revenue Fund	\$0 to	\$0 to	\$0 to
1% collection fee	\$3,500	\$22,500	\$23,000

LOCAL ECONOMIC DEVELOPMENT SALES TAX FUND

<u>Income</u> - Local Sales Tax proceeds	\$0 to	\$0 to	\$0 to
	\$346,500	\$2,227,500	\$2,277,000

<u>Costs</u> - Transfer to City of Kirksville	\$0 to	\$0 to	\$0 to
	(\$346,500)	(\$2,227,500)	(\$2,277,000)

ESTIMATED NET EFFECT ON LOCAL ECONOMIC DEV. SALES TAX FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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CITY OF KIRKSVILLE

<u>Costs</u> - Elections costs	\$0 to (\$6,000)	\$0 to (\$6,000)	\$0 to (\$6,000)
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<u>Income</u> - Proceeds from local sales tax	\$0 to \$346,500	\$0 to \$2,227,500	\$0 to \$2,277,000
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ESTIMATED NET EFFECT ON THE CITY OF KIRKSVILLE*	(\$6,000) to \$340,500	(\$6,000) to \$2,227,500	(\$6,000) to \$2,277,000
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* This proposal is permissive and would require voter approval before the sales tax would become effective.

FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal since they may have to pay more to purchase goods.

DESCRIPTION

This bill allows the governing body of Kirksville to impose, subject to voter approval, a sales tax on retail sales for the purpose of funding local economic development projects. The sales tax may be approved at the rate of one-quarter of 1%, one-half of 1%, three-quarters of 1%, or 1% of the receipts from taxable retail sales within the city. Revenue collected from the sales tax, less 1% for the costs of collection, is to be deposited by the Director of Revenue into the Local Economic Development Sales Tax Fund. The tax will terminate as approved by the voters.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

City of Kirksville
Department of Revenue
Department of Economic Development
Department of Transportation
State Treasurer's Office

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
April 3, 2000